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## Grammatical construction and the use of words in accountants' reports

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**Grammatical Construction  
and the Use of Words  
in Accountants'  
Reports**

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By J. M. PALEN

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By J. M. PALEN

## **Grammatical Construction and the Use of Words in Accountants' Reports**

**T**HE RULES governing the proper construction of sentences and effective use of words should be so thoroughly familiar to those who aim to write well that their employment becomes second nature.

To be sure, in the perusal of much of the present day literature we find violations of some of the rules set down in books on grammar. Even the classics seem at times a little careless in this respect. We shall never attain greatness, however, by imitating the weaknesses of the great; our only hope is in striving to comprehend and equal their perfections. Their occasional errors seem graceful only because they are softened by the high merit of their other work.

Closer conformity to the rules of construction is required in accountants' reports than in certain other forms of expression, for obvious reasons. In a composition written merely to give pleasure the author may omit words, suggest rather than state, break off in the middle of sentences, and use other devices for obtaining dramatic effect. Even though the passage be vague or inaccurate, no great harm is done. But an accountant's report is something which becomes a permanent record, may be used in court years later, and is always binding on the firm which signs it as to the accuracy of the statements it contains. If anything in it is vague, inaccurate, or subject to more than one interpretation, serious trouble may result.

For this reason a thorough grounding in the principles which govern the employment of correct, vigorous English is

essential to the production of good reports.

George Burton Hotchkiss has written a book on business correspondence which is built around what he calls the "Five C's" of business English. These five C's are, in order of their relative importance, clearness, correctness, conciseness, courtesy, and character. The book, of course, deals principally with sales letters and other letters whose principal object is the getting of business, but the five C's are just as important in an accountant's report as in any other form of business correspondence.

The two last-named, courtesy and character, are comparatively easy to obtain in the formal report, and for that reason may be quickly disposed of.

Courtesy requires the use of tact in making criticisms and recommendations. Of course, we can never withhold important truths, however unpalatable they may be, but where it is necessary to criticize we may do so in as inoffensive a manner as is consistent with truthfulness. Words which in themselves arouse unpleasant suggestions should be avoided. For instance, in the sentence, "Too many accounts are carried in one ledger and consequently a great deal of time is wasted in looking for errors at the end of the month," the words "wasted" and "errors" would probably have a very disagreeable effect on the person responsible for the condition. The same thought could be expressed much more agreeably in this manner: "Much of the checking incident to balancing could be eliminated if the accounts were divided into several sections with a controlling account for each section."

The character desired in a report is that obtained by the use of a dignified, impersonal tone.

Excessive use of the word "we" should be avoided. In many reports paragraph after paragraph begins with "We counted," "We verified," "We inspected."

Sometimes it is necessary to begin a sentence with "we" in order to avoid an awkward construction, but nine times out of ten the effect is improved by reversing the order; as, "The entries in the property accounts were examined and found to be proper;" "The notes receivable were inspected."

Unnecessary personal references of any kind should be avoided. As an illustration take this sentence: "The above shortage may be due to someone not having obtained a receipt for some disbursement." Note how it is improved by this arrangement: "The above shortage may be due to failure to obtain receipts for certain disbursements."

Dignity and effectiveness are weakened by such circumlocution as "*we wish to recommend*," "*we would suggest*," etc. "We recommend" and "we suggest" are more in keeping with the purpose for which reports are prepared.

Unusual or facetious expressions, foreign words, slang, figures of speech, and sentences of involved construction have no place in an accountant's report. Ideas clearly thought out, simply and directly expressed, with due regard for the meaning of words and the rules of grammar, lend dignity to any composition.

Clearness, correctness, and conciseness, the remaining three qualities, are so important in an accountant's report that each sentence should be tested to see that it possesses each of these three qualities.

Clearness means not only that each statement can be understood but that it cannot be misunderstood. Correctness relates to both the subject matter and the manner in which it is expressed. The facts must be exactly stated; the construction must conform to the rules of grammar; and the words must be used in their correct sense. Conciseness requires that every thought be expressed in as few words as is consistent with completeness and smoothness. Conciseness is not to be confounded with brevity. Many people,

in their desire to be brief, leave out important facts, or omit words necessary to the construction. Conciseness never requires the omission of things that are of value, but does require the omission of everything that is not of value.

In the matter of building sentences clearly, there is often no question of right or wrong, but always a question of varying degree of clarity, of actual effect. Strong, direct sentences in which the ideas are logically arranged make for clearness. The principal idea in the sentence should occupy the principal clause. Important sentences and first sentences of paragraphs should not have weak beginnings. When paragraph after paragraph starts out with "This item" or "This asset" the effect of the entire report is weak. If we wish to say that "Accounts aggregating \$10,000.00 are more than one year old," it is more effective to say so at once, rather than to preface the statement with an uninteresting and unimportant introductory phrase, as "While examining the accounts receivable we noted that items aggregating \$10,000.00 are more than one year old."

Changing the viewpoint in a sentence weakens its effect. When we say "The entries in the property accounts were examined and appear to be proper," the thought runs smoothly through the sentence; but if we say "We examined the entries in the property accounts, and they appear to be proper," the thought is shifted unnecessarily from "we" to "they" (meaning the accounts), and the effect is not so good.

Long rambling sentences, in which clause after clause is tacked on, are a hindrance to clearness because by the time the reader reaches the end he has forgotten what the first part of the sentence is about. The following sentence was taken from a recent report:

"We have reconciled the accounts with the various correspondent banks, and in this connection, during the course of

examination while endeavoring to effect a reconciliation with correspondent banks, our representative, working in conjunction with Mr. Blank of the bank's accounting department, developed the fact that the chief teller of the commercial department had taken credit for amounts which should have been credited to the Blank Bank of New York."

It is better to err on the side of short sentences than to join a half dozen or more unrelated ideas with a series of "ands" or "buts."

Parallel ideas in a sentence should be put, as a rule, in parallel construction. Thus, we should say "The books are frequently out of balance, owing to carelessness on the part of clerks and to lack of supervision," rather than "The books are frequently out of balance, owing to carelessness on the part of clerks, and because supervision is lacking." In the first sentence the thought runs along much more smoothly than in the second.

If one of the ideas is subordinate to the other, they should be joined by connectives which will express the proper relationship between them, such as *because*, *although*, *in accordance with*, etc. Weakness resulting from poor judgment in the use of connectives is illustrated in the following sentence: "Only a few entries of deposits made or checks issued appear on the check book stubs from January 3, 1927, to the date of our audit, but the bank account is active." The relationship of ideas is better brought out and the sentence is more emphatic in this arrangement: "Although the bank account is active, only a few entries of deposits made and checks issued appear on the check stubs during the period from January 3, 1927, to the date of our audit."

Clearness is hindered by a poor arrangement of ideas, as in this sentence: "During the period depreciation was charged to operations at the following rates for nine months." It is not clear



here whether the rates were for nine months or whether they were yearly rates of which a nine-months' proportion was taken. Assuming the latter to be the case, the sentence would be clearer if it read as follows: "During the nine months under review, depreciation was charged to operations at the following annual rates."

Exactness in thought and expression is necessary to clearness. The writer of a report sometimes says that the accounts receivable were checked and found to be in agreement with the controlling account, whereas it was the aggregate of the balances, not the accounts, that was in agreement with the controlling account.

In connection with capital stock it is a common error to say that the capital stock outstanding, as shown in Exhibit A, is in agreement with the number of shares shown to be outstanding by the stubs of the stock certificate books. The stubs are stubs of the stock certificates, not of the stock certificate books, and it is not correct to speak of them in that manner.

Likewise, under investments, it is sometimes stated that we did not inspect the stocks owned, whereas what is meant is that we did not inspect the stock certificates.

Very often in the comments an accountant will refer in this manner to a schedule supporting the balance sheet: "The assets *contained* in Schedule 1 of Exhibit A were transferred, etc." What he means of course is assets *listed* in Schedule 1 of Exhibit A, or *set forth in detail* in that schedule.

In one report a journal entry was submitted, the purpose of which was said to be to charge to profit and loss the balance of live stock account disposed of during the period. Undoubtedly, it was the live stock that was disposed of, not the account.

Occasionally some one speaks of pro-

vision having been made at an annual rate of 10 per cent of the book value of some asset account. What he means, of course, is the book value of the asset.

Many comments on balance sheet items start off: "This *account* consists of," "This *account* represents," etc. *Accounts* are not shown in balance sheets, except that sometimes a summary of the surplus account is included; what appear in balance sheets are *balances* or *amounts*. Similarly, the report writer occasionally mentions "the book value of the *account*" when he means, of course, the book value of the *asset* (land and buildings, securities, etc.)

It is very often desirable to embody in a report the opinion of some one else or information furnished by some one else. In connection with accounts receivable, for instance, while it is usually preferable to make such an examination that we can express our own opinion as to their collectibility, there are times when this is not possible and the best we can do is to say that "the accounts are regarded *by the credit manager* as collectible." If we say simply that they are regarded as collectible a reader would be justified in assuming that it is we who regard them as collectible. Similarly, we are often obliged to say, "We are informed *by Mr. J. B. Jones*, president of the company, that additional insurance will be obtained, etc." The person who furnishes the opinion or information should always be clearly indicated.

*Estimated* is another word which should be followed by the name or designation of the person responsible for the act; otherwise the inference will be that the estimate was made by the firm.

The use of specific rather than general terms is an aid to clearness. In balance sheets the term "real estate" is often found. Real estate may be land, it may be buildings, or it may include both.

If we say "land" or "land and buildings" there can be no question as to what is meant.

The facts relating to consigned goods are frequently so badly expressed that it is impossible to tell whether the goods are held by the client for account of others or whether they represent the client's goods consigned to and held by others. The accounting treatment is of course quite different, but frequently in comment matter we find the expression "consigned goods" used where there is nothing to indicate whether the consignments are inward or outward.

Any construction or word which attracts attention to itself by its unusualness, distracts attention from the thought, and therefore is a hindrance to clearness. For this reason words which have been dropped from current use should not be employed where their use can be avoided, as in the case of the word *proven* as past participle of the verb *prove*. Although it is not incorrect to use *proven* as the past participle of the verb, in current practice *proven* is used only as an adjective, and *proved* has succeeded *proven* for use as part of the verb. For that reason it is preferable to say "The computations were proved" rather than "The computations were proven." Similarly, the word *incompleted*, while correct, is unusual, and *not completed*, *incomplete*, or *uncompleted* is better.

With regard to correctness, it is not necessary to enlarge upon the need for accuracy in every statement of facts or figures appearing in the report. Next in importance is grammatical correctness. Experience in editing reports shows that certain types of error appear over and over again. The most conspicuous of these are discussed in the following pages.

The matter of tense seems to be a stumbling block to many. The past tense is the tense of narration. Hence we use the past tense throughout the comments,

except when the facts indicate the need for a distinction. Consequently we say throughout the report "The cash was verified," "The securities were inspected," not "has been verified" or "have been inspected."

Present facts, that is, statements which are always true or the truth of which continues into the present, are expressed in the present tense; as, "The accounts receivable were reviewed with the credit manager and appear to be collectible. We are informed that it is the company's practice to write off accounts receivable as soon as they are regarded as uncollectible;" also, "The inventories are stated at cost."

In referring to the inclusion of items in any of the exhibits, the present tense is used: "The contingent liability on notes receivable discounted is shown in Exhibit A;" "This apparent discrepancy is due to errors in accounting, which are detailed hereafter in these comments"—not "which will be detailed."

When it is necessary to refer to action completed prior to the time indicated by the principal verb, usually the past perfect is used with the past tense and the present perfect with the present tense; as, "Reconcilement of the bank account disclosed the fact that the check book and the bank statements had not been reconciled since November 30, 1926;" and "We understand that the new company has agreed to take over these assets at book value." There are a great many combinations of tenses used to indicate varying periods of time. In such cases we have to use our judgment as to which combinations express the correct relationship.

In the presentation we use the present perfect tense to denote action completed; as, "We have made a general audit of your accounts for the year ended December 31, 1926, and submit the following exhibits and schedules." The present tense is used in the case of "submit"

because the action of submittal is presumed to take place on the day the presentation is dated.

A very common error is in the placing of modifiers. Each modifier should be so placed that the reader sees unmistakably to what word or group of words it refers. *Only* is a word which is frequently misplaced. Take this sentence: "The selling expenses only include one-half of the sales manager's salary." *Only* refers to *one-half*, not to *include*, and the sentence should read: "The selling expenses include only one-half of the sales manager's salary."

Occasionally, on the bottom of a balance sheet we find a foot-note like this: "No provision for Federal income tax is included in the above statement for the period from January 1 to October 31, 1926." Obviously, what is meant is that no provision for Federal income tax for the period from January 1 to October 31, 1926, is included in the statement.

In this sentence the meaning is obscured by poor placing of modifiers: "The amount at which this asset is stated represents the book value thereof, after the deduction of depreciation at an annual rate of 20 per cent from cost, no verification of which was made by us." It is not clear what the clause "no verification of which was made by us" modifies—whether it is the amount at which the asset is stated, the amount of the depreciation, or the cost. It would be necessary to recast the sentence in order to make clear the meaning.

This expression was used in a recent report: "depreciation of  $1\frac{1}{4}$  per cent per quarter of book value." What was meant in this case was "depreciation of  $1\frac{1}{4}$  per cent of book value for each three months' period."

The misplaced modifier in this sentence distorts the meaning: "The accounts are regarded as collectible by the treasurer." From this it would appear that only the treasurer could collect the

accounts. "By the treasurer" modifies "are regarded" and should be placed after the verb; thus, "The accounts are regarded by the treasurer as collectible."

A verb should agree in number with its subject noun, not with an intervening modifier. Thus we say "the total of accounts receivable differs." *Differs* agrees with its singular subject *total*, not with *accounts*.

*Data* is the plural of *datum* and requires a plural predicate, as "The *data* on which this computation is based *were* furnished by Mr. J. B. Jones, treasurer of the company." It should be noted that *data* means *facts* and the word should not be used in the sense of *records*, *letters*, or other documents.

A singular subject, although followed by a parenthetical phrase, takes a singular verb. In the sentence, "The amount of this note, together with the pledge as collateral thereto of 15 shares of A Company stock, were verified by confirmation obtained from the War Credits Board," *were* is incorrectly used because the subject is *amount* and the phrase *together with the pledge* is a modifying phrase, not another subject. The sentence should read, "The amount of this note, together with the pledge as collateral. . . was verified," etc. Words joined to the subject by such expressions as *in addition to*, *as well as*, *with*, or *together with*, are parenthetical and are not a part of the subject.

Two or more singular subjects joined by *or* or *nor* take a singular verb, and two or more subjects of a different number joined by *or* or *nor* take a verb of the number of the nearest subject. Thus, we should say, "Neither the sales records nor the cash book contains a record of this transaction."

When *half*, *part*, *remainder*, *rest*, *balance*, or such expressions as *two-thirds* and *three-fifths*, refer to singular nouns, they are singular and should be followed by singular verbs; when they

are used in reference to plural nouns, they require the use of plural verbs; as, "Part of the stock-room *is* used for storing old records;" "At that time, part of the accounts receivable *were* hypothecated;" "The rest of the notes *are* held by the First National Bank in safe-keeping;" "Two-thirds of the land *is* to be used as a site for a new factory building;" "Three-fifths of the shares *are* held abroad."

Principal verbs should not be supplied from one part of the sentence to another if the same form is not grammatically correct in both parts. Observe how this principle is here violated: "\$2,000.00 has been paid in cash on this subscription and twenty shares of stock issued therefor." If we try to supply from the first clause the part of the verb that is missing from the second clause we have this result, "twenty shares of stock has been issued," which is, of course, wrong. The sentence should read: "Two thousand dollars has been paid in cash on this subscription, and twenty shares of stock have been issued therefor."

The foregoing sentence is also an illustration of the rule that the word "dollars," when it refers to a sum of money, takes a singular verb.

Very often we find *they* and *them* incorrectly used to refer to a corporation; as, "The Blank Company refuses to confirm this balance, and state that *they* are entitled to large credits on account of damaged goods." Here we have a singular noun (company) followed by both a singular verb (refuses) and a plural one (state) and referred to by a plural pronoun (they). This sentence should read, "The Blank Company refuses to confirm this balance, and *states* that *it* is entitled, etc."

In an undue desire for brevity some of us leave out participial adjectives where they are necessary to complete the construction, as in "certifications from depositaries," meaning "certifications ob-

tained from depositaries;" or "an error by the branch," when we mean "an error made by the branch."

The articles *a*, *an*, and *the* should not be omitted. Only in telegrams is this permissible, and even there it is sometimes not good form. They should not be used, however, where they give an incorrect turn to the meaning, as in the expression, "physical inventories were taken by the employes of the company," which, apparently, means that the inventories were taken by all the employes of the company, whereas the facts probably are that the inventories were taken by employes of the company; that is, by some of the employes.

There is a tendency, also, to omit prepositions. It is better to say, "the cash on deposit at December 31, 1926," than "the cash on deposit, December 31, 1926." This rule is not, however, a hard and fast one, and we say repeatedly, "the year ended December 31, 1926," omitting the *on*, and, in certificates, "the year ended that date." These, however, are set expressions. Generally speaking, prepositions should not be omitted.

In speaking of the difference between two things we should be careful to specify the two things between which the difference exists. Note what this sentence says: "The shortage of \$2.24 represents the difference between the bank balance as shown by the company and the bank." It says that the difference is between the balance and the bank. The difference is really between the balance shown by the company's books and that stated by the bank.

A participle should not introduce a sentence unless it logically modifies the subject of the sentence. Under accounts receivable we sometimes find this comment: "Having reviewed the accounts with the credit manager, all appear to be collectible." Obviously, this is impossible because the subject of the sentence is *all*, meaning all the accounts,



and *having reviewed* cannot modify that. Probably the best way to say this is, "The accounts were reviewed with the credit manager and appear to be collectible."

Or, we may say, "Having reviewed the accounts with the credit manager, we believe that all are collectible."

The placing of commas is a matter which gives us all trouble at times.

In punctuating a series of three or more separate words or phrases having the same construction, where the conjunction *and* is used between the last two words, two methods of punctuation are permissible. Some authorities say that a comma should be placed after each of the words or phrases connected except the last. Others say that the conjunction *and* between the last two words or phrases does away with the necessity for a comma there. For the sake of uniformity, the firm has adopted the former ruling, as exemplified in the phrase "land, buildings, and equipment."

One comma rule which needs to be emphasized is that a relative clause which is restrictive in meaning should not be preceded by a comma. For instance, if we say "the factory expenses were distributed on the basis of the cost of materials which were consumed in manufacture," we have here a restrictive clause and need no comma after the word *materials*; as, obviously, the distribution of factory expenses was made on the basis only of materials consumed in manufacture, not on all materials. The clause limits *materials* to those used in manufacture. Or, if we say that "the errors in the purchase journal were called to the attention of the clerk who had charge of that record," we clearly wish to restrict the application of the word *clerk*. But if we said that "these errors were called to the attention of Mr. John L. Black, who has charge of the purchase records," a comma is needed after "*Mr. John L. Black.*"

A large proportion of the errors in reports arise from the incorrect use of words. Strange as it may seem, not all accountants appear to know the correct meaning of the word *balance*. Webster says that *balance* is not correctly used for *rest* or *remainder*. To say, "Of the notes receivable, one amounting to \$1,000.00 was secured by a chattel mortgage and the balance were unsecured," is incorrect. *Balance*, to quote the dictionary, means "an equality between the sums total of two sides of an account; also, the excess on either side."

Confusion apparently exists as to the proper use of *quantity*, *amount*, and *number*. A moment's thought will indicate which word applies. In the sentence, "A large amount of lumber is stored under the sheds and not controlled," it is obvious that the proper word is *quantity* not *amount*. On the other hand, in this sentence, "The contract calls for the sale of stock in *quantity* up to \$1,000,000.00," it would clearly be better to say "to a total amount of \$1,000,000.00." And instead of saying "a considerable *amount* of changes will be required," we should certainly say "a considerable number of changes...."

An accountant should also remember that assets are collected and that liabilities are paid. Very frequently the writer of a report will say, "The notes receivable outstanding at December 31, 1926, have since been paid." Notes payable are paid; notes receivable are collected.

Similarly, we should speak of *incurring expenses*, *realizing income*, *realization of assets*, and *liquidation of liabilities*.

Another error of the same kind is in the use of the word *by* after *due*, as in "interest due by borrowers." It is from the standpoint of the company whose books are under audit that we speak, and the interest is due *from* the borrowers, not *by* them.

The word *total* should not be used indiscriminately. After a subtraction we

arrive at a *remainder*, or use the word *net*; as, "net increase," "net book value," etc.

*Sum* means the aggregate of two or more items, and is not synonymous with *amount*. It is correct to say, not "a sum sufficient to cover reasonable depreciation," but "an amount sufficient, etc."

It is very poor usage to employ *same* as a pronoun; as, "We checked the charges to the account and found *same* to be correct."

It is undesirable also to use *said* as a participial adjective, as "The securities held by The First National Bank as collateral to a loan of \$50,000.00 were verified by obtaining confirmation from *said* bank." "From that bank" is much better. Legal diction is not a thing to be imitated in report writing.

Another example of poor choice of words arising from an attempt to imitate legal phraseology is the use of the word *party* for *person*.

*Advise* is employed to excess in the sense of *inform*. Many business people say *advise* on every possible occasion, and the word has become hackneyed in the extreme.

*Therefore* and *therefor* are often confounded. *Therefore* means *for that reason*. *Therefor* means *for that, for this, for it*, etc.

*All right* should be written as two words. There is no such word as *alright*. The word *already* is, however, correct.

The use of *per* is something that is very much overdone. Business in general has used this word until it has become hackneyed. We have to say in a balance sheet, "Surplus, *per* Exhibit B," but in comments we do not have to say, "the accounts receivable, as *per* Exhibit A;" we may say, "as shown in Exhibit A." In referring to rates of depreciation we may say, "at an annual rate of 10 per cent," or "at the rate of 10% a year," rather than, "at a rate of 10 per cent *per annum*." "As shown by the books"

is always preferable to "per books."

*Former* and *latter* should not be used to designate one of more than two persons or things. To designate one of three or more say *first* or *first-named*, and *last* or *last-named*. In the sentence, "The operations were conducted during only the latter nine months of the year," *latter* should be *last*, because we are speaking of nine of twelve months.

*Last* is sometimes used where *previous* or *latest* is meant. "At the time of our last audit" should be "at the time of our previous audit."

*Verbal* is often improperly used for *oral*. *Verbal* means *expressed in words*; *oral* means *spoken*. Thus we should say, "The amount of this liability was confirmed to us orally by the creditor;" not "confirmed to us verbally..."

"Quite a few" is an expression erroneously used for "quite a number" or "a considerable number."

Some doubt appears to exist as to the use of the words *comprise*, *compose*, and *include*. We say an item "is composed of the following," not "is composed as follows;" or we say it "comprises the following." We may also say, "The items comprised in this group are as follows." Where not all the constituent items are given we use the word *include*. If all the items are given but with the omission of details, we say "is summarized as follows."

Another important distinction is that between *verify* and *confirm*. *Verification* is something we do ourselves. *Confirmation* is corroborative evidence obtained from another. We do not *confirm* securities by inspection, we *verify* them by inspection. The bank *confirms* the amount of loans made to the client. It should be noted, however, that we say "the cash on deposit was verified by certification obtained from the depository." This is because the request sent to the bank does not state the amount of the balance, and

therefore a bank's certification is more than a confirmation.

Often an accountant will say, "we *confirmed* the collateral held elsewhere," when what he means is that we *obtained confirmation* of the collateral held elsewhere. The word is frequently misused in brokerage reports, where an assertion is made that "we *confirmed* the customers' accounts." We cannot even say here that we *requested* customers to *confirm* their accounts, because the request was made by the client, not by the accountant. This situation is best covered by some such sentence as this: "Requests for confirmation of the money and security balances in their accounts as of December 31, 1926, were mailed by us to customers." Some even err so badly as to say, "*Confirmations* were mailed to customers," confusing the *form* used in asking corroboration with the confirmation itself.

In speaking of funds held by individuals for petty disbursements or other uses it is desirable to say that the custodians *acknowledged* the amounts of the funds, rather than that they *confirmed* them.

*Per cent* should not be used as a noun. Percentage is preferable; as, "There was a decrease during the year in the percentage of sales made in foreign countries."

Frequently this phrase is encountered: "Owing to the smallness of the amount involved." Obviously, a better expression is, "Owing to the small amount involved."

In referring to notes receivable some have fallen into the error of calling the signer the "drawer." It is equally common to call the signer of a check the maker. The signer of a promissory note is the *maker*; one who signs a check or draft is a *drawer*.

The signer of a mortgage is the *mortgagor*; the person to whom the property is mortgaged is the *mortgagee*.

Distinction should be made between *value* and *valuation*. *Valuation* is a value

artificially set, such as an estimated or appraised value. Thus we should say, "The securities are stated at a valuation which is approximately \$14,000.00 less than their market value at December 31, 1926;" "The valuation of the property is based upon an appraisal made by the A. B. Appraisal Company as of February 1, 1925, and the cost of subsequent additions," or, "The inventory valuations were arrived at by the company by applying to the quantities shown by the stock records, average costs as determined by the cost department."

*Proprietary* is not synonymous with *subsidiary*. In fact, it should be used only in speaking of the holding company, and is therefore improperly used in the expression "A B company and proprietary companies," when "A B company and subsidiary companies" is meant.

The dictionary appears to give no encouragement to those who use *reflect* so frequently in their reports. It certainly seems much better to say, "These adjustments have been given effect in the accompanying statements," or, "This schedule shows the status of notes receivable discounted which have been dishonored," than to say "These adjustments are reflected in \_\_\_\_\_," or "This schedule reflects the status \_\_\_\_\_."

The word *memorandum* has two plurals, *memoranda* and *memorandums*. The Latin form is used when referring to a collection of notes; the English form when individual pieces of paper are referred to; as, "the cost accountant has compiled detailed *memoranda* regarding the possible causes of shortages in material stocks;" but "the bank has issued debit *memorandums* covering these charges."

Care should be taken that assets (or liabilities) are not spoken of as *secured* when they are in fact only *partially secured*. Where, for instance, a note of \$10,000.00 is accompanied by pledged

securities of a market value of \$8,000.00, it is a misstatement of fact to say that the note is *secured* by 10 shares of A B Company capital stock. In such a case we should say "the note is *partially secured* by pledge of 10 shares of A B Company capital stock, having a market value of approximately \$8,000.00 at the date of the balance sheet." Or, if the market value is not obtainable and it is not feasible to express any opinion as to the value of the security, we may handle the situation in this manner: "Ten shares of A B Company capital stock are held as collateral to this note. We were unable to ascertain the market value of this stock."

Some words are less desirable than others with which they are practically synonymous because they have other meanings with which they are more frequently associated. *Reconcilement*, *disposal*, and *compute*, for instance, are to be preferred in accounting parlance to *reconciliation*, *disposition*, and *calculate*.

The correct use of prepositions requires some care. The dictionary in many cases indicates the prepositions to be used after words in specific meanings.

It is correct to say "subscriptions *for* capital stock;" "due from subscribers *for* capital stock;" "subscriptions *for* periodicals;" but "subscription *to* a fund."

The prepositional phrases "with respect to" "in respect to" and "as respects" are frequently encountered, and are proper; but "in respect of" is obsolete and should never be used.

Occasionally someone writes of "checks *issued on* a bank." Checks are *issued to* a payee and are *drawn on* a bank or *against* a bank account.

*Between* is used when speaking of two things; *among*, when speaking of more than two; as, "a varying percentage of the profits is divided among the heads of departments;" "The responsibility for the petty cash is now divided between the cashier and the bookkeeper."

After *site*, *of* is used where the object is already located on the site. *For* is used where the object is spoken of as not yet being there. Thus we should say, "the *site of the factory*," but "land purchased as a *site for an office building*."

*Different* should be followed not by a *than* clause but always by a *from* phrase. "The basis of computing costs is *different from* that used by the other companies in the group."

After *purchase*, *of* and *from* are used as follows: "The purchase *of* land *from* The Midtown Realty Company was authorized by the board of directors;" or, "The land was purchased *from* (not *of*) The Midtown Realty Company."

After *security*, *for* is used; after *colateral*, *to*.

Certain errors in spelling occur so frequently as to deserve comment. *Salable* is correct rather than *saleable*; *gauge* rather than *guage*; *in so far* should be written as three words, not one; *guaranty* is better used as a noun and *guarantee* as a verb.

With respect to certain words which have optional spellings, the firm has chosen to use *employe* rather than *employee*; *canceled* instead of *cancelled*; and *instalment* in preference to *installment*.

Authorities differ with respect to the need for hyphens. According to Funk and Wagnalls there are hyphens in *vice-president*, *pay-roll*, and *foot-note*. According to Webster these words are written, respectively, *vice president*, *pay roll*, and *footnote*. Where there is such conflict of authority, for the sake of uniformity in reports the firm has elected to follow Funk and Wagnalls.

Hyphens are necessary in such expressions as *no-par-value stock*, *long-term notes*, *non-interest-bearing obligations*, *title-retaining contracts*, *past-due instalments*, *so-called*, *safe-keeping*, *safe-deposit box*.

Apostrophes are required in such expressions as *customers' accounts*, *direc-*



*tors' fees, salesmen's balances, agents' remittances (plural), agent's remittances (singular), officer's signature.*

This brings us to the last point, which is conciseness, or the art of making one word do the work of two.

It is not necessary to say, "The lots will revert back to the company on failure of the buyers to complete the purchase price." The word *revert* means to go back; so it is necessary to say only, "The lots will revert to the company," etc.

*Repurchased* is preferable to *purchased back*.

Occasionally we encounter the expression, "uncollected accounts receivable." If the accounts are receivable they must be uncollected; so uncollected is redundant.

The word *detail* is unnecessary in this expression: "the aggregate of the detail balances of customers' accounts."

It is not necessary to say "slow-paying accounts." "Slow accounts" conveys the idea completely.

A statement very frequently found under accounts receivable is this: "We have reviewed all these accounts in conjunction with officers of the company." *In conjunction* adds nothing to the meaning. Neither is it necessary to say "all these accounts." "We have reviewed these accounts with officers of the company" expresses the meaning well enough.

Sometimes we find a statement to the effect that the accounts receivable were reviewed with the credit manager, in whose opinion they are considered collectible. The phrase *in whose opinion* conveys all the thought that is expressed in the word *considered*. So we need only to say, "in whose opinion they are collectible."

In one report the statement is made that the reserve for doubtful accounts receivable appears to be ample to provide for losses in the collection of these

accounts. There is useless repetition here. All that it is necessary to say is that the reserve for doubtful accounts appears to be ample.

Such expressions as *cost price* and *cost value* may be reduced to the one word *cost*.

The word *remains* means *is still* and we should not say *still remains*, as in this sentence: "The bank deposit was attached through an order of the court and still remains subject to this attachment." "Is still subject to this attachment" is better.

Sometimes words are used which add nothing whatever to the meaning. "The cash on hand was verified by actual count." There could be no other count than an actual count.

Under inventories we sometimes read that merchandise in transit was verified by examination of the original purchase invoices. There is no necessity for the word *original*. The purchase invoices examined would of course be the original ones.

It is pointed out also that items are not *charged off* to operations. They are *charged* to operations or to profit and loss, but they are not *charged off* to operations or to profit and loss. *Off* is redundant.

Neither is it necessary to say that we have fully completed an operation. *Fully* is comprehended in the word *complete*.

Captions in comments usually show the amount as well as the name of the item. In such cases it is not necessary to say, "the amount shown in Exhibit A represents," or to refer in any way to the amount as being shown in Exhibit A.

Some accountants make a center caption in the comments for (as an example) notes receivable, and then say as the only comment, "The details of these notes are shown in Exhibit A." If this is all one has to say there is no necessity for comment at all.

In a balance sheet an amount due from

employees need not be designated as "Balance due from employees." "Due from employees" is sufficient.

In a tabulation we occasionally find the last item called Remainder—balance, December 31, 1926. If the final figure is the balance of the account it is superfluous to designate it also as a *remainder*, as the word *balance* comprehends that meaning.

There is a great deal of uncalled-for repetition of words in tabulations. Under *reserves*, it is not necessary to repeat the word *for* before each item, as "for doubtful accounts," "for depreciation," etc. Also we may usually eliminate, in the description of the items, words which are contained in the heading; as in the following:

Subscription Accounts:

Unpaid capital stock subscriptions,

Unpaid building fund subscriptions,

Such a tabulation might better read:

Subscription Accounts:

Capital stock,

Building fund,

In referring to a period between two dates in the same year, we need not repeat the year; as, January 1 to October 31, 1926, not January 1, 1926, to October 31, 1926.

Where an audit is for an odd period we say "for the period from July 12, 1926, to March 22, 1927," not "we have audited your books from July 12, 1926, to March 22, 1927." But where the period is in even years or months we do not say "for the three years period;" we say "the three years ended December 31, 1926;" or "the months of January and February, 1927;" or "the six months ended June 30, 1926."

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